



January 13, 2016

SENATE BILL No. 67

DIGEST OF SB 67 (Updated January 12, 2016 12:16 pm - DI 73)

Citations Affected: IC 6-3.5; IC 6-3.6.

Synopsis: Supplemental distributions of local income tax. Requires the budget agency, before May 1, 2016, to make supplemental distributions from a county's adjusted gross income tax trust account, county option income tax trust account, or county economic development income tax trust account equal to: (1) the amount of the balance in the county trust account on December 31, 2014, as determined by the budget agency; minus (2) any supplemental distribution made under current law to the county in January 2016.
(Continued next page)

Effective: Upon passage; May 1, 2016; July 1, 2016.

**Hershman, Kenley, Yoder,
Charbonneau, Bassler, Becker, Boots,
Crider, Eckerty, Grooms, Head,
Holdman, Houchin, Kruse, Leising,
Merritt, Messmer, Miller Patricia,
Raatz, Smith J, Steele, Walker,
Young R Michael, Zakas,
Randolph Lonnie M**

January 5, 2016, read first time and referred to Committee on Tax & Fiscal Policy.
January 12, 2016, amended, reported favorably — Do Pass.

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Digest Continued

Provides that the office of management and budget (OMB) and the department of local government finance shall determine the allocation of the supplemental distribution, based on that part of the balance in the county's trust account that would be distributed to the county, city, or town based on the allocation formula for certified shares under the local income tax statute. Provides that the county auditor, before June 1, 2016, shall distribute only to a county, city, or town an amount equal to the allocation amount determined for the county, city, or town by the OMB. Provides that at least 75% of the distributions made to a county, city, or town must be: (1) used exclusively for local road construction, maintenance, or repair, or capital projects for aviation, including capital projects of an airport authority; or (2) deposited in a rainy day fund. Provides that any remaining distribution to a county, city, or town may be used for any purposes of the county, city, or town. Provides that if the budget agency determines that the balance in a county's local income tax trust account exceeds 25% (rather than 50%, under current law) of the certified distributions to be made to the county in the ensuing year, the budget agency shall make a supplemental distribution to the county.



January 13, 2016

Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

SENATE BILL No. 67

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-3.5-1.1-21.2 IS ADDED TO THE INDIANA
- 2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 3 [EFFECTIVE UPON PASSAGE]: **Sec. 21.2. (a) As used in this**
- 4 **section, "unit eligible for a supplemental distribution" means a**
- 5 **county, city, or town that is eligible for an allocation of certified**
- 6 **shares under IC 6-3.6-6-10.**
- 7 **(b) As used in this section, "fiscal body" has the meaning set**
- 8 **forth in IC 36-1-2-6.**
- 9 **(c) As used in this section, "OMB" refers to the office of**
- 10 **management and budget established by IC 4-3-22-3.**
- 11 **(d) In addition to any supplemental distribution made in**
- 12 **January 2016 to a county under section 21.1 of this chapter, the**
- 13 **budget agency shall make a supplemental distribution before May**
- 14 **1, 2016, to the county from the county's adjusted gross income tax**
- 15 **account.**
- 16 **(e) The amount of the supplemental distribution to a county**
- 17 **under this section is equal to the amount determined under the**

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1 following STEPS:

2 STEP ONE: Determine the result of:

3 (A) the amount of the balance in the county trust account
4 on December 31, 2014, as determined by the budget
5 agency; minus

6 (B) the amount of any supplemental distribution made to
7 the county in January 2016 under section 21.1 of this
8 chapter.

9 STEP TWO: Determine the part of the STEP ONE amount
10 that would be allocated to each taxing unit in the county,
11 using the allocation method specified in IC 6-3.6-6-3 and in
12 IC 6-3.6-6-10 through IC 6-3.6-6-15, in the case of a county
13 other than Marion County, or the allocation method specified
14 in IC 6-3.6-11-5, in the case of Marion County.

15 STEP THREE: Determine the sum of the STEP TWO
16 amounts for each unit eligible for a supplemental distribution.
17 The sum determined under this STEP is the total amount of
18 the supplemental distribution that shall be made to the county
19 under this section.

20 (f) Before May 15, 2016, the OMB and the department of local
21 government finance shall jointly determine and provide to the
22 county auditor an allocation of the supplemental distribution made
23 to the county under this section. The amount that each unit eligible
24 for a supplemental distribution shall receive is equal to the amount
25 determined for the unit under STEP TWO of subsection (e).

26 (g) Before June 1, 2016, the county auditor shall distribute to
27 each unit eligible for a supplemental distribution an amount equal
28 to the allocation amount for the unit as determined under
29 subsection (f).

30 (h) Money distributed to a unit eligible for a supplemental
31 distribution must be used only for purposes and as authorized in
32 IC 6-3.6-10-9.

33 (i) This section expires January 1, 2017.

34 SECTION 2. IC 6-3.5-6-17.7 IS ADDED TO THE INDIANA
35 CODE AS A NEW SECTION TO READ AS FOLLOWS
36 [EFFECTIVE UPON PASSAGE]: Sec. 17.7. (a) As used in this
37 section, "unit eligible for a supplemental distribution" means a
38 county, city, or town that is eligible for an allocation of certified
39 shares under IC 6-3.6-6-10.

40 (b) As used in this section, "fiscal body" has the meaning set
41 forth in IC 36-1-2-6.

42 (c) As used in this section, "OMB" refers to the office of



management and budget established by IC 4-3-22-3.

(d) In addition to any supplemental distribution made in January 2016 to the county under section 17.3 of this chapter, the budget agency shall make a supplemental distribution before May 1, 2016, to the county from the county's special account.

(e) The amount of the supplemental distribution to a county under this section is equal to the amount determined under the following STEPS:

STEP ONE: Determine the result of:

(A) the amount of the balance in the county trust account on December 31, 2014, as determined by the budget agency; minus

(B) the amount of any supplemental distribution made to the county in January 2016 under section 17.3 of this chapter.

STEP TWO: Determine the part of the STEP ONE amount that would be allocated to each taxing unit in the county, using the allocation method specified in IC 6-3.6-6-3 and in IC 6-3.6-6-10 through IC 6-3.6-6-15, in the case of a county other than Marion County, or the allocation method specified in IC 6-3.6-11-5, in the case of Marion County.

STEP THREE: Determine the sum of the STEP TWO amounts for each unit eligible for a supplemental distribution. The sum determined under this STEP is the total amount of the supplemental distribution that shall be made to the county under this section.

(f) Before May 15, 2016, the OMB and the department of local government finance shall jointly determine and provide to the county auditor an allocation of the supplemental distribution made to the county under this section. The amount that each unit eligible for a supplemental distribution shall receive is equal to the amount determined for the unit under STEP TWO of subsection (e).

(g) Before June 1, 2016, the county auditor shall distribute to each unit eligible for a supplemental distribution an amount equal to the allocation amount for the unit as determined under subsection (f).

(h) Money distributed to a unit eligible for a supplemental distribution must be used only for purposes and as authorized in IC 6-3.6-10-9.

(i) This section expires January 1, 2017.

SECTION 3. IC 6-3.5-7-17.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS



[EFFECTIVE UPON PASSAGE]: Sec. 17.4. (a) As used in this section, "unit eligible for a supplemental distribution" means a county, city, or town that is entitled to receive a certified distribution as provided under IC 6-3.6-6-9.

(b) As used in this section, "fiscal body" has the meaning set forth in IC 36-1-2-6.

(c) As used in this section, "OMB" refers to the office of management and budget established by IC 4-3-22-3.

(d) In addition to any supplemental distribution made in January 2016 to the county under section 17.3 of this chapter, the budget agency shall make a supplemental distribution before May 1, 2016, to the county from the county's special account.

(e) The amount of the supplemental distribution to a county under this section is equal to the amount determined under the following STEPS:

STEP ONE: Determine the result of:

(A) the amount of the balance in the county trust account on December 31, 2014, as determined by the budget agency; minus

(B) the amount of any supplemental distribution made to the county in January 2016 under section 17.3 of this chapter.

STEP TWO: Determine the part of the STEP ONE amount that would be allocated to each taxing unit in the county, using the allocation method specified in IC 6-3.6-6-3 and in IC 6-3.6-6-10 through IC 6-3.6-6-15, in the case of a county other than Marion County, or the allocation method specified in IC 6-3.6-11-5, in the case of Marion County.

STEP THREE: Determine the sum of the STEP TWO amounts for each unit eligible for a supplemental distribution. The sum determined under this STEP is the total amount of the supplemental distribution that shall be made to the county under this section.

(f) Before May 15, 2016, the OMB and the department of local government finance shall jointly determine and provide to the county auditor an allocation of the supplemental distribution made to the county under this section. The amount that each unit eligible for a supplemental distribution shall receive is equal to the amount determined for the unit under STEP TWO of subsection (e).

(g) Before June 1, 2016, the county auditor shall distribute to each unit eligible for a supplemental distribution an amount equal to the allocation amount determined under subsection (f).



(h) Money distributed to a unit eligible for a supplemental distribution must be used only for purposes and as authorized in IC 6-3.6-10-9.

(i) This section expires January 1, 2017.

SECTION 4. IC 6-3.6-9-15, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 15. (a) If the budget agency determines that the balance in a county trust account exceeds ~~twenty-five~~ **twenty-five** percent (~~50%~~) **(25%)** of the certified distributions to be made to the county in the ensuing year, the budget agency shall make a supplemental distribution to the county from the county's special account.

(b) A supplemental distribution described in subsection (a) must be:

(1) made in January of the ensuing calendar year; and

(2) **except as provided in subsection (d)**, allocated in the same manner as certified distributions for deposit in a civil unit's rainy day fund established under IC 36-1-8-5.1. However, the part of a supplemental distribution that is attributable to an additional rate authorized under this article:

(A) shall be used for the purpose specified in the statute authorizing the additional rate; and

(B) is not required to be deposited in the unit's rainy day fund.

The amount of the supplemental distribution is equal to the amount by which the balance in the county trust account exceeds ~~twenty-five~~ **twenty-five** percent (~~50%~~) **(25%)** of the certified distributions to be made to the county in the ensuing year.

(c) Any income earned on money held in a trust account established for a county under this chapter shall be deposited in that trust account.

(d) The following apply to a supplemental distribution to a county that is made after December 31, 2016:

(1) For each taxing unit in the county that did not receive a distribution under IC 6-3.5-1.1-21.2, IC 6-3.5-6-17.7, or IC 6-3.5-7-17.4 in 2016, the budget agency and the department of local government finance shall calculate the sum of the amounts determined under STEP TWO of IC 6-3.5-1.1-21.2(e), STEP TWO of IC 6-3.5-6-17.7(e), and STEP TWO of IC 6-3.5-7-17.4(e) for that taxing unit.

(2) The amount of the supplemental distribution:

(A) shall first be allocated among taxing units in the county that did not receive a distribution under IC 6-3.5-1.1-21.2, IC 6-3.5-6-17.7, or IC 6-3.5-7-17.4 in 2016; and

(B) shall not be allocated as provided in subsection (b)(2); until each taxing unit in the county that did not receive a



distribution under IC 6-3.5-1.1-21.2, IC 6-3.5-6-17.7, or IC 6-3.5-7-17.4 in 2016 has received from supplemental distributions made under this section after December 31, 2016, a total amount equal to the amount calculated for the taxing unit under subdivision (1).

(3) In allocating a supplemental distribution under subdivision (2), the amount to be allocated to each taxing unit in the county that did not receive a distribution under IC 6-3.5-1.1-21.2, IC 6-3.5-6-17.7, or IC 6-3.5-7-17.4 in 2016 is equal to:

(A) the amount of the supplemental distribution being allocated to those taxing units under subdivision (2); multiplied by

(B) a fraction equal to:

(i) the amount calculated under subdivision (1) for that taxing unit; divided by

(ii) the sum of the amounts calculated under subdivision (1) for all taxing units that did not receive a distribution under IC 6-3.5-1.1-21.2, IC 6-3.5-6-17.7, or IC 6-3.5-7-17.4 in 2016.

~~(d)~~ (e) A determination under this section must be made before November 2.

SECTION 5. IC 6-3.6-10-9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE MAY 1, 2016]: Sec. 9. (a) Notwithstanding the effective dates for this article under IC 6-3.6-1, this section applies beginning after April 30, 2016.

(b) This section applies to a county, city, or town that receives a supplemental distribution of money under:

(1) IC 6-3.5-1.1-21.2 (before its expiration);

(2) IC 6-3.5-6-17.7 (before its expiration); or

(3) IC 6-3.5-7-17.4 (before its expiration).

(c) Money distributed to a county, city, or town under subsection (b) may be expended only upon an appropriation by the county's, city's, or town's fiscal body.

(d) Money received by a county, city, or town from a distribution made under IC 6-3.5-1.1-21.2 (before its expiration), IC 6-3.5-6-17.7 (before its expiration), or IC 6-3.5-7-17.4 (before its expiration) must be used by the county, city, or town as follows:

(1) At least seventy-five percent (75%) of the distribution must be:

(A) used exclusively by the county, city, or town for:



- 1 (i) engineering, land acquisition, construction,
2 resurfacing, maintenance, restoration, or rehabilitation
3 of both local and arterial road and street systems;
- 4 (ii) the payment of principal and interest on bonds sold
5 primarily to finance road, street, or thoroughfare
6 projects;
- 7 (iii) any local costs required to undertake a recreational
8 or reservoir road project under IC 8-23-5;
- 9 (iv) the purchase, rental, or repair of highway
10 equipment; or
- 11 (v) capital projects for aviation related property or
12 facilities, including capital projects of a board of aviation
13 commissioners established under IC 8-22-2 or an airport
14 authority established under IC 8-22-3-1; or
- 15 (B) deposited in the county's, city's, or town's rainy day
16 fund established under IC 36-1-8-5.1. The money deposited
17 in a rainy day fund under this clause may not be
18 transferred to another fund under IC 36-1-8-5.1(g), unless
19 the money transferred to the fund is used exclusively for
20 purposes set forth in clause (A).
- 21 (2) Any remaining distribution not used or deposited by the
22 county, city, or town under subdivision (1) may be used by the
23 county, city, or town for any of the purposes of the county,
24 city, or town.
- 25

SECTION 6. An emergency is declared for this act.



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 67, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 16 through 17, begin a new paragraph and insert:

"(e) The amount of the supplemental distribution to a county under this section is equal to the amount determined under the following STEPS:

STEP ONE: Determine the result of:

(A) the amount of the balance in the county trust account on December 31, 2014, as determined by the budget agency; minus

(B) the amount of any supplemental distribution made to the county in January 2016 under section 21.1 of this chapter.

STEP TWO: Determine the part of the STEP ONE amount that would be allocated to each taxing unit in the county, using the allocation method specified in IC 6-3.6-6-3 and in IC 6-3.6-6-10 through IC 6-3.6-6-15, in the case of a county other than Marion County, or the allocation method specified in IC 6-3.6-11-5, in the case of Marion County.

STEP THREE: Determine the sum of the STEP TWO amounts for each unit eligible for a supplemental distribution. The sum determined under this STEP is the total amount of the supplemental distribution that shall be made to the county under this section."

Page 2, delete lines 1 through 5.

Page 2, line 6, delete "OMB shall" and insert **"OMB and the department of local government finance shall jointly"**.

Page 2, line 8, delete "The allocation under this" and insert **"The amount that each unit eligible for a supplemental distribution shall receive is equal to the amount determined for the unit under STEP TWO of subsection (e)."**

Page 2, delete lines 9 through 10.

Page 2, delete lines 33 through 39, begin a new paragraph and insert:

"(e) The amount of the supplemental distribution to a county under this section is equal to the amount determined under the following STEPS:

STEP ONE: Determine the result of:

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(A) the amount of the balance in the county trust account on December 31, 2014, as determined by the budget agency; minus

(B) the amount of any supplemental distribution made to the county in January 2016 under section 17.3 of this chapter.

STEP TWO: Determine the part of the STEP ONE amount that would be allocated to each taxing unit in the county, using the allocation method specified in IC 6-3.6-6-3 and in IC 6-3.6-6-10 through IC 6-3.6-6-15, in the case of a county other than Marion County, or the allocation method specified in IC 6-3.6-11-5, in the case of Marion County.

STEP THREE: Determine the sum of the STEP TWO amounts for each unit eligible for a supplemental distribution. The sum determined under this STEP is the total amount of the supplemental distribution that shall be made to the county under this section."

Page 2, line 40, delete "OMB shall" and insert "**OMB and the department of local government finance shall jointly**".

Page 2, line 42, delete "The allocation under this" and insert "**The amount that each unit eligible for a supplemental distribution shall receive is equal to the amount determined for the unit under STEP TWO of subsection (e).**".

Page 3, delete lines 1 through 2.

Page 3, delete lines 25 through 31, begin a new paragraph and insert:

"(e) The amount of the supplemental distribution to a county under this section is equal to the amount determined under the following STEPS:

STEP ONE: Determine the result of:

(A) the amount of the balance in the county trust account on December 31, 2014, as determined by the budget agency; minus

(B) the amount of any supplemental distribution made to the county in January 2016 under section 17.3 of this chapter.

STEP TWO: Determine the part of the STEP ONE amount that would be allocated to each taxing unit in the county, using the allocation method specified in IC 6-3.6-6-3 and in IC 6-3.6-6-10 through IC 6-3.6-6-15, in the case of a county other than Marion County, or the allocation method specified in IC 6-3.6-11-5, in the case of Marion County.



STEP THREE: Determine the sum of the STEP TWO amounts for each unit eligible for a supplemental distribution. The sum determined under this STEP is the total amount of the supplemental distribution that shall be made to the county under this section."

Page 3, line 32, delete "OMB shall" and insert "**OMB and the department of local government finance shall jointly**".

Page 3, line 34, delete "The allocation under this" and insert "**The amount that each unit eligible for a supplemental distribution shall receive is equal to the amount determined for the unit under STEP TWO of subsection (e).**".

Page 3, delete lines 35 through 36.

Page 4, between lines 1 and 2, begin a new paragraph and insert:

"SECTION 4. IC 6-3.6-9-15, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 15. (a) If the budget agency determines that the balance in a county trust account exceeds ~~forty~~ **twenty-five** percent (~~50%~~) (**25%**) of the certified distributions to be made to the county in the ensuing year, the budget agency shall make a supplemental distribution to the county from the county's special account.

(b) A supplemental distribution described in subsection (a) must be:

- (1) made in January of the ensuing calendar year; and
- (2) **except as provided in subsection (d)**, allocated in the same manner as certified distributions for deposit in a civil unit's rainy day fund established under IC 36-1-8-5.1. However, the part of a supplemental distribution that is attributable to an additional rate authorized under this article:

(A) shall be used for the purpose specified in the statute authorizing the additional rate; and

(B) is not required to be deposited in the unit's rainy day fund.

The amount of the supplemental distribution is equal to the amount by which the balance in the county trust account exceeds ~~forty~~ **twenty-five** percent (~~50%~~) (**25%**) of the certified distributions to be made to the county in the ensuing year.

(c) Any income earned on money held in a trust account established for a county under this chapter shall be deposited in that trust account.

(d) The following apply to a supplemental distribution to a county that is made after December 31, 2016:

- (1) For each taxing unit in the county that did not receive a distribution under IC 6-3.5-1.1-21.2, IC 6-3.5-6-17.7, or IC 6-3.5-7-17.4 in 2016, the budget agency and the department of local government finance shall calculate the sum of the**



amounts determined under STEP TWO of IC 6-3.5-1.1-21.2(e), STEP TWO of IC 6-3.5-6-17.7(e), and STEP TWO of IC 6-3.5-7-17.4(e) for that taxing unit.

(2) The amount of the supplemental distribution:

(A) shall first be allocated among taxing units in the county that did not receive a distribution under IC 6-3.5-1.1-21.2, IC 6-3.5-6-17.7, or IC 6-3.5-7-17.4 in 2016; and

(B) shall not be allocated as provided in subsection (b)(2); until each taxing unit in the county that did not receive a distribution under IC 6-3.5-1.1-21.2, IC 6-3.5-6-17.7, or IC 6-3.5-7-17.4 in 2016 has received from supplemental distributions made under this section after December 31, 2016, a total amount equal to the amount calculated for the taxing unit under subdivision (1).

(3) In allocating a supplemental distribution under subdivision (2), the amount to be allocated to each taxing unit in the county that did not receive a distribution under IC 6-3.5-1.1-21.2, IC 6-3.5-6-17.7, or IC 6-3.5-7-17.4 in 2016 is equal to:

(A) the amount of the supplemental distribution being allocated to those taxing units under subdivision (2); multiplied by

(B) a fraction equal to:

(i) the amount calculated under subdivision (1) for that taxing unit; divided by

(ii) the sum of the amounts calculated under subdivision (1) for all taxing units that did not receive a distribution under IC 6-3.5-1.1-21.2, IC 6-3.5-6-17.7, or IC 6-3.5-7-17.4 in 2016.

~~(d)~~ (e) A determination under this section must be made before November 2."

Page 4, line 33, after "of" insert "**a board of aviation commissioners established under IC 8-22-2 or**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 67 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 11, Nays 0.

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